

## **Retirement Pay Plans & Associated Service Dates**

At this time, Congress has authorized three retired pay plans. Below you will find a brief explanation of each plan. Although each retirement plan is distinctly unique, the service dates that must be used in the retired pay computations remain the same--primary service dates used include the Date of Initial Entry into Military Service (DIEMS) and the Title 10, United States Code, Section 1405 service date (1405 service). You can obtain your service dates at your servicing Military Personnel Flight (MPF). A brief explanation of these specific service dates and how they are used are included in this article.

**Date of Initial Entry Into Military Service (DIEMS)** is the initial date of acceptance of a commission, or enlistment in any Reserve or Regular component of any United States Armed Force. It includes:

- Enlistment as a Reserve member in the ROTC program
- Enlistment in any active component's delayed entry/enlistment program
- Entrance as a cadet or midshipman at a service academy
- Entry into an academy preparatory school

The DIEMS date is a fixed date and is not subject to adjustment because of a break in service and it is used to determine which of the 3 retirement plans military members fall under.

### **Personnel Entering Active Duty before 8 Sep 80**

If a member's DIEMS is before 8 Sep 80, retired pay is calculated by multiplying the member's monthly basic pay, times 2 ½ percent of the member's years of service (based on the 1405 service date). This is commonly referred to as the current retirement plan. For example estimated retired pay for a an E-7 with 24 years 6 months service will be calculated as follows, using the 1999 pay scale:

- 24 ½ years =  $24.5 \times 2\frac{1}{2}\% = 61.25\%$  (multiplier)
- \$ 2778.90 (base pay)  $\times 61.25\% = \$ 1702$  (estimated retired pay)

### **Personnel Entering Active Duty 8 Sep 80 - 31 Jul 86**

If a member's DIEMS is on or after 8 Sep 80 through 31 Jul 86, retired pay is calculated by using an average of a member's highest 36 months of active duty basic pay, times 2 ½ percent of the member's years of service (based on the 1405 service date). This will result in a smaller monthly active duty pay base. This is what is normally referred to as the "High 36/50 Percent Plan." Here is an example:

- \$2778 Basic pay for an E-7 over 24 years of active duty in 1999
- \$2555 Basic pay for an E-7 over 22 years of active duty in 1998
- \$2485 Basic pay for an E-7 over 22 years of active duty in 1997
- \$2329 Basic pay for an E-7 over 20 years of active duty in 1997

### **\$2531 Average Monthly Basic Pay**

- \$2531 (average basic pay)  $\times 61.25\% = \$ 1550$  (estimated retired pay)

### **Personnel Entering Active Duty on or After 1 Aug 86**

If a member's DIEMS is on or after 1 Aug 86, retired pay is calculated by using the average of the member's highest 36 months basic pay, times 2 ½ percent of the member's years of service (based on the 1405 service date) minus a 1 percent reduction for every year of service less than 30 years. Retired pay for 20 years would be calculated at 40 percent. This reduction is restored permanently at age 62. This pay calculation is normally referred to as the "High 36/40 Percent Plan." Here is the calculated example using the MSgt from the previous examples:

- 61.25% multiplier - 5.5% = 55.75%
- \$2531 (average basic pay)  $\times 55.75\% = \$1411$  (estimated retired pay)

As a result of the 2000 National Defense Authorization Act, personnel who entered uniformed service on or after 1 Aug 86 will now be given an option to select one of two types of retirement plans they desire before they attain 15 years of active service.

Section 642, Public Law 106-65, dated 5 Oct 99 states that this group may be restored to the full high-three average system (known as "High 36/50 Percent Plan") currently available to members who entered uniformed service between 8 Sep 80 through 31 Jul 86.

-- It also provides them an option to retire with reductions (remain at the "High 36/40 Percent Plan") and receive a \$30,000 career-status bonus after they execute a written agreement to complete at least five more years of continuous active service.